

# CANADA'S CO-OPS

by  
T. Ainslie Kerr





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# CANADA'S CO-OPS

BY

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FOREWORD BY

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## FOREWORD

FOR those who are interested in the many political, social and economic factors which lie beneath the shiny new veneer which Canada's nationhood is rapidly assuming, a treatise descriptive of Canada's co-operative enterprises is undoubtedly long overdue. The author of *Canada's Co-ops* has chosen an appropriate moment to bring to the public, if only in a brief manner, a word picture of this relatively new economic technique as Canadian people have applied it. A Royal Commission has recently completed an exhaustive enquiry into the status of co-operative societies in relation to income and excess profits taxes. When their report becomes public, readers who have seen here in print a large portion of the facts presented orally to the Commission will have little difficulty in understanding this question which has now acquired national importance.

Adult education may be said to pertain to the development of the adult mind. An economic movement which, according to the author of *Canada's Co-ops*, includes in its membership approximately one twelfth of our country's population is without question a strong motivating principle in the development of Canadian thought—in other words a substantial educational force. Such being the case, there is good reason for the uninformed to take cognizance of what "Canada's Co-ops" are doing.

E. A. CORBETT.

*Toronto, Ont.*

*July 20, 1945.*

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# "CANADA'S CO-OPS"

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## I. INTRODUCTION

THE so-called "man-on-the-street" in Canada has had a new topic of late upon which to perform the mental gymnastics he usually reserves for discussions of politics and the war. The word that appears most commonly in these new discussions is "co-ops." "Co-ops" are a good thing—"Co-ops" are dangerous—They ought to be taxed, same as any other business—They're the best thing in the world for the common man—They're the first step towards dictatorship—They're the only thing that will stop dictatorship. These are only a few of the varied and contradictory claims made in respect of "co-ops" on the street-corner, in the class-room, in polite salons, in hotel lobbies, and wherever Canadians get together.

Figuratively and literally, "co-ops" have hit the headlines throughout Canada. Of course, in widely-separated local communities they have been on the lips and in the minds of Canadians for a long time. But it was only recently that this new, exciting topic became the Number One National Football.

Whence this new prominence?

Broadly speaking, the first wave of this new speculation can be said to have begun with the appointment, in the fall of 1944, of a Royal Commission to Inquire into the Taxation of Co-operatives in Canada. Shortly thereafter, the Royal Commission's five members, together with their clerical staff and legal counsel, and followed by interested co-operative and "private profit" officials with their counsel, began a coast-to-coast tour which saw public hearings in eleven major cities. Starting in Vancouver on January 15, 1945, the Commission moved to Calgary, Edmonton, Regina, Winnipeg, Toronto, Ottawa, Montreal, Quebec City, Moncton, and finally wound

up its provincial sittings on March 7, 1945, in Halifax. At a final hearing in Ottawa in April the Commission received the submissions of the mutual fire insurance companies and of the three great western wheat pools. Also heard was the final presentation of the Co-operative Union of Canada. At this time of writing three of the Commissioners are in Britain supplementing their information with whatever benefits they can derive from British experience, while their two colleagues have travelled to Washington with a parallel purpose.

Since this investigation began, reports by radio and newspaper have launched the "co-op" ship forth on the seas of public speculation. These seas are running high.

In view of these facts, it is perhaps well, before looking into the interesting annals of co-operative development, to clear the air about the present public controversy, for the atmosphere has surely been clouded by claims and counter-claims.

Specifically, the Royal Commission is trying to determine the proper status of Canada's "co-ops" with respect to income and excess profits taxes. One thing is certain,—this question is no simple problem, for the Government itself, after several months of study, felt unqualified to find a solution, with the result that an investigation by a Royal Commission was undertaken. It would be foolhardy indeed for the uninitiated to make hasty decisions in this matter while the experts of our federal government hitherto have been unable to reach a conclusion. Yet the man on the street is asking the question: "Why should 'co-ops' receive special tax privileges while business in general is heavily taxed during these troublesome times?" Behind such a question lies, more or less consciously, the following argument:

1. Co-operatives are business enterprises, taking part in production, distribution, servicing, retailing, etc.



2. "Private Profit" business enterprises carrying on these commercial activities are subject to income tax levies.
3. Therefore co-operatives should also be subjected to these same levies.

Such an argument may appear simple and convincing to the average layman; and it is the substance of many more complicated theses advanced by hundreds of interested people, and especially by representatives of "private-profit" enterprises, before and since the appointment of the Royal Commission. This argument deserves some examination.

In respect of the first premise there does not seem to be any objection to this statement, either from the co-operator or from his adversaries. All agree that co-operatives are business enterprises, and that they do take part in various economic activities. There is evidently no disagreement on this point.

Nor is there disagreement on the second, or minor premise of the argument. Corporations of certain types,—all, in fact, that make "profits" or receive "income," as defined in the Act—are subject to the corporation income tax. Both major and minor premises are therefore agreed to by all parties.

Co-operators, however, dissent violently from the conclusion, claiming to make no "profits" and receive no "income," as those terms are intended to be understood in the Act. "Co-ops," they claim, are not included in the minor premise of the argument.

The issue, then, as thus stated, is both simple and clear, and the inquiry boils down to an examination of whether and/or to what extent the claim of the "co-ops" can be substantiated. This is the point around which all arguments centre.

"Private-profit" enterprises are loud in condemning the exemption of co-operative societies from income taxes. Their

position is something like this: "Here we are," they say, "with our profits stripped to the bone by the government and paying out huge amounts in income tax, while our co-operative competitors, doing the same type of business as we are, are free from income tax and can lay away substantial reserves for the future. With such unequal conditions, we cannot long compete, and sooner or later will be forced out of business. At the same time, it seems unfair and unpatriotic that in the midst of a gigantic and costly war, co-operatives should deprive the government of much-needed revenue, placing a heavier than necessary burden upon those who do pay income and excess profit taxes. There is only one solution,—'co-ops' must be placed on the same basis as the rest of us."

The co-operator has his side of the story to tell. He argues something like this: "We do not make any 'profit.' The 'co-op' exists only to provide a service to its members, and it must provide this service at cost. Naturally we cannot determine the actual cost from day to day, so we charge the regular market prices and at regular periods make returns of over-charges or under-payments to the members. Such payments are not 'profits' in the usual meaning of that term. They are merely periodic settlements of accounts. Usually the members of co-operatives, exercising their democratic control, can and wisely do vote to leave a part of their refundable portion as a reserve for hard times, for new development, educational work and other such purposes. Co-operators are taxed upon their individual incomes, like all other people. 'Co-ops' are merely extended partnerships. As a matter of fact, 'co-ops' bring about an increase in public revenues, and this in two important ways. First, they raise many destitute communities that are a drain on the national treasury to thriving communities with a sound business status. Secondly, they increase the taxable income of their members. Aside from these monetary considerations, the value of co-operatives in restoring life to fading Canadian communities is admitted by

all political parties and even by profit enterprises. It would surely be unwise to place any obstacles in the way of these valuable institutions."

Broadly speaking, that is how the two opposing teams line up. And between the two, like a referee in many respects, but also as another interested party, stands Canada's government. The main job of the government is the preparation, enactment and administration of laws. But it needs money, and huge amounts of it. It must tax. And taxes must be wisely designed and justly administered.

Unfortunately, the law as it now stands is, as regards its application to co-operatives, entirely unsatisfactory. Varying and contradictory interpretations have been made. The Government admits that clarifying amendments are necessary, and consequently has turned the whole matter over to this Royal Commission to enquire into and make recommendations.

It is outside our present purpose to examine the "Terms of Reference," and obviously both inappropriate and impossible to forecast the Report of the Commission. It would seem fitting and useful, however, for Canadians to take a look at "Canada's Co-ops" as the Commission has done, and examine the evidence for themselves. So far as the very limited space at our disposal will permit, we will try to paint the picture.

## II. THE CO-OP PICTURE

IT BECAME apparent to the Commissioners from the time that short, greying Mrs. Simpson gave evidence at their opening session in Vancouver, that the picture about to be painted before their eyes would be an absorbing one. It was to be a picture full of the hope that springs from achievements wrought in the face of adversity full of the encouragement that comes from difficult jobs well done.

A humble clam-digger from the village of Massett on Canada's west coast (Graham Island, Mrs. Simpson calmly stood before these learned gentlemen and, with quiet confidence in her cause, related the story of how the co-operative way of life had rescued her people from the slough of despair. Wife of the Massett Co-operative's general manager, she was herself a co-operative worker. Long hours on the beach digging clams had given her a sure knowledge of the needs and aspirations of her fellow workers.

Her tale was not of balance sheets and statistics, and she had no plea to make. Instead she told the simple facts of how the 700 people on her island had found a livelihood by co-operative action when they had found themselves in the throes of economic disaster.

Mrs. Simpson's "700 neighbours" live in two villages—Old and New Massett—on the largest island of the Queen Charlotte group. Old Massett is on an Indian reserve whose inhabitants are all Haida Indians "not many years removed from their tribal state." The land boom, which preceded the first World War brought white settlers to Graham Island, but they soon found that the land was unfit for good farming, and that markets were non-existent. The only connection between them and the outside world was a bi-monthly steamer from Prince Rupert, a hundred miles away. Vancouver was five hundred

miles distant, and the nearest islands of Alaska were forty miles away.

A combined fish and clam cannery at Massett, Mrs. Simpson explained, had been the mainstay of the village for many years, but in the 1930's financial difficulties forced it to cease operations, with the result that many families went on relief. "In spite of the fact that the Island has always produced a considerable wealth of fish and timber," she pointed out, "most of it goes past the front door of the villagers, in fish packers taking the fish to canneries and cold storages on the mainland and in log barges carrying the logs to pulp and sawmills in the south."

As might be expected of people who had always been dependent, the Massett villagers waited in vain for some outside interest to come in and provide employment. But, as Mrs. Simpson related, "this did not happen. It became apparent that we were thrown on our own resources, and that if we wanted to enjoy a better life we would have to find the way ourselves. Our co-operative grew out of this need."

Desperation and hunger are sometimes excellent stimulants. Such, at any rate, was the case at Massett. Faced with seemingly insurmountable difficulties, these disillusioned islanders turned to the co-operative way,—a way that was by no means easy. Aside from the hard fact that there were few idle funds with which to start anything, there was the additional handicap in that the population consisted of a half dozen nationalities, of every political creed and religious belief, and was also divided into two racial groups. "The bond which brought these many elements together," said Mrs. Simpson, "was the growing realization that in a depressed area such as ours the best way to improve conditions was by mutual self-help."

In 1942 the Massett Co-operative Association was formally incorporated for the co-operative ownership and operation of the razor-clam beaches of the Queen Charlotte Islands. "After

much stretching around among the whites and natives," \$5,000 was collected—enough to make a first payment of the \$22,000 needed to buy the lease rights of the beach which were still held by the private canning company. Repairs were made on the old cannery and its equipment, using only local labour, and in 1912 the first pack of clams was produced. But this was only the beginning, for these people saw new hope. "It became evident," said Mrs. Simpson, "that if the Co-operative could successfully revive one field of employment it could also others. In 1943, and again in 1944, salmon as well as clams were packed in the co-operative cannery."

It was not all "milk and honey" for the new co-operators. In two years of operation, their Association showed a small surplus, and in one year a loss. But during the short time since its inception the Association has paid out \$150,000 in wages. It has raised the standard of living of all the villagers, and inspired them with new confidence. Of the adult population ninety per cent are participating in the activities of the "co-op" and hold shares. Membership includes fishermen, clam-diggers, cannery workers, truck drivers, storekeepers, the local wireless operators, the minister, the magistrate and the district nurse. Head their spokeswoman, Mrs. Simpson, "All these work either directly within the co-operative or they belong to it because they believe it is the means of improving the economic welfare of the community."

And the Masetti co-operators are not resting on their laurels. They know they have made a good start, and with this encouragement they have set down definite plans for the future. Their blueprints include a cold storage with sufficient capacity for the farmers and fishermen, a co-operative lumber and shingle mill which will provide them with supplies and give employment during the long winter months, and a co-operative lighting plant. Already, in 1944 a consumers' co-operative store was opened at the Indian village, and a similar shop will be opened in the White village this year. They are con-

vinced, in the words of their brief, "that the co-operative store can insure savings and provide better service."

Canadian social leaders may well take note of how the Mussett people have solved a tough racial problem. One of their most difficult tasks was to overcome the antagonism existing between white and Indian groups, and the Mussett brief considers it "a proof of the soundness of co-operative principles that the two factions have since learned to work harmoniously together"

Until recently the Indians felt that they had been treated as members of an inferior race, a race that was heading towards extinction, despised and segregated from their white neighbours, they felt deprived of their rightful share in Canada's national life. The co-operative went right to the heart of the problem by giving them the one thing they wanted above all else in the world -equality. No discrimination whatsoever exists between Whites and Indians in the co-operative. In strict accordance with the principles set down a hundred years ago by the Rochdale Pioneers, one member has one vote regardless of race or the number of shares held. Natives and whites are able to choose an equal number of representatives on the Board of eight directors, and the Board engages the manager.

With such evidence, it was surely no over-statement when Mrs. Stimpson read the following paragraph from the Mussett brief:

"We feel that our co-operative has made some definite contribution to the problems facing many a small community in Canada. We have tackled the problem of race relations and solved it in the only way possible. We have used our natural resources in a case where the profits involved were too small for private industry, and we have made them into a source of income for all of us. From a state of lethargy, and dependence on either government aid or private companies we are developing a healthier dependence on our own strength and ability to solve our local problems. Our people, through co-

operative enterprises, are no longer on relief, thus releasing the government of that responsibility. Some of our members have become income-tax payers through the benefits of co-operative effort."

The Massett Co-operative is, of course, a very small enterprise as compared with the huge proportions of some other co-operatives—such as, for instance, the great western wheat pools, the large wholesalers of the Maritimes, Quebec and Ontario, and the federations of fishermen's co-operatives on both coasts. But the human factor must not be overlooked in the vastness of modern industry. Wherever Canadian citizens are striving to wrest a living for themselves, the important factor is surely not the size of their group but the success, materially and spiritually, which each individual attains. As we shall see, co-operatives have proven their efficiency in conducting business ventures on a large scale in competition with "private profit enterprises. But it is noteworthy, as at Massett, that they have also succeeded where "profit enterprises" has failed. And this fact is shown again and again in the smaller co-ops which supply Canadians with economic needs in areas where profit seekers have not ventured.

We must not omit brief reference to the Prince Rupert Fishermen's "Co-op," whose story was told to the Royal Commission by John Deane, Manager, for many years a fisherman himself. Mr. Deane is now President of the B.C. Fishermen's Co-operative Federation, and is also a member of the Fisheries Research Board of Canada. The Prince Rupert "Co-op," with its affiliated organizations, is quite a large concern whose story is highly significant but much too long to even summarize here. One of their spectacularly successful ventures has been in the processing of fish items.

#### ON THE ATLANTIC COAST

Let us look now at another group of people who earn their sustenance from the sea, this time on Canada's east coast.



At its sitting in Halifax the Royal Commission heard Howard MacKinnon, General Manager of the United Maritime Fishermen, report that co-operative enterprise along Canada's eastern shores had also branched out of dire necessity. Here again the co-operative story is a dramatic one in which desperate men pitted their strength against great odds to become better masters of their own destinies.

We see as evidence the bad age of various royal commissions whose task it was to examine the plight of these folk in the years following World War I. Here are the words of the I. M. F. brief quoting from the report of the Royal Commission appointed by the Federal Government in 1924:

"During the course of our inquiry we heard from many reliable and restrained persons in almost every centre we visited detailed descriptions of conditions in many districts along the coast of the Maritime Provinces. We were given vivid word pictures of fishing villages in which ageing men alone were left to man the fishing boats, with little hope of adequate livelihood in the future years of their physical incapacity and no hope of pension such as is possible to workers in other industries of fishing communities from which the young men had emigrated in large numbers to another land or were hoping to emigrate when they could gather means. Of neglected boats with hulls ripe and rotten on the beach, of discarded gear more valuable and useful but now falling to decay, of abandoned fishing vessels left hopelessly equipped as they came in from the sea, to wait for a better season which never came, of wharves and breakwaters once staunch and busy but now disused and deserted, of once prosperous business centres but surely becoming the graveyards of a dead industry of fisherfolk desperate and disheartened struggling on against economic disabilities, eager to labour to sell their products for a reasonable reward, always hoping for better luck and ringing grimly and patiently to their calling - a tribute at once to their character and their courage, and of schoolchildren psychologically distrustful of a future in their own country and planning to migrate at maturity to another land to make a living. Apart from the statements made to us, we have taken every means

and every opportunity to inform ourselves on the actual conditions, and we are convinced that these word pictures are not overdrawn. Our own independent observation has left on our minds an impression of the seriousness of the situation deeper perhaps than that left by the emphatic and at times indignant protests of fishermen smarting under their obvious disabilities."

Substantiating these observations, the Royal Commission on Price Spreads reported, in 1934, that the earnings of the average fisherman of Eastern Canada for the year 1933 ran from \$75 to \$400 according to the district in which the fisherman worked.

It further stated "these low earnings are in the vast majority of cases, not due to any lack of industrious application to his work on the part of the fisherman, who works longer hours and endures more hardships than do those in many other occupations. They are the result of unfavourable economic conditions which have reflected themselves in the industry and which for the fishermen are intensified by the fact that on the side of the corporation buyer there is strong bargaining power, on his side complete or almost complete absence of purchasing power. In a period of depression and its resultant collapse of business, the middle-man has some protection against the storm. He can in part recoup himself for a drop in business by maintaining his margin of profit. He often does this, however, at the expense of the first producer, the fisherman, to whom he pays lower prices for his products. The fisherman is as helpless as one of his own dories in a typhoon, and yet he is adequately and conscientiously discharging his responsibility in the industry, that of catching fish."

It was as a result of these inhuman conditions that the Royal Commission on Fisheries recommended that co-operative organizations of fishermen be established, to be assisted by the Department, and that an experienced co-operative organizer be appointed and paid by the Federal Government for the period needed to initiate and complete the work. Consequently Dr.

M. M. Coady, of St. Francis Xavier University, Antigonish, N.S., was appointed as organizer for the fishermen.

The opportunity had at last come, and the fishermen lost little time in taking advantage of it. Dr. Coady travelled hundreds of miles, teaching, directing, supervising and organizing. Fishermen's "co-ops" sprang into being in Nova Scotia, most of them organized under the Fishermen's Federation Act, similar "co-ops" were established in New Brunswick under the Fishermen's Union Act. When a sufficient number of these locals were operating, a central Federation was established known as the United Maritime Federation. It includes in its membership fishermen's unions and federations, and local co-operatives in Nova Scotia, New Brunswick and the Magdalen Islands.

The history of the United Maritime Fishermen is too lengthy to set forth here. Some idea of the success which crowned the efforts of the Maritime fishermen, however, may be gleaned from the fact that sales for the year just ended, amounting to \$1,441,000, were announced at the 15th annual fishermen's Parliament, attended last November (1944), by 60 delegates representing locals. Human values, however, are often lost in the box-car figures reported by the statistics of annual meetings, so let us take a glance at one of the communities in which U.M.F. locals exist.

#### A U.M.F. Local

Haute Boucher is a small fishing village on Nova Scotia's north-west coast. Its inhabitants had suffered the same economic disaster as was prevalent throughout the province. In 1931 the local fishermen formed a union and took out membership in the U.M.F. About that time the Extension Department of St. Francis Xavier University, with the financial aid of the Federal Government grants, was conducting a thorough programme of study clubs among the farmers, miners and fishermen of Eastern Nova Scotia. The U.M.F. brief quotes

Bishop Beale, then parish priest at Havre Boucher, from a report given to him at the annual meeting of the Havre Boucher Cooperative Cannery in 1936.

"How to start a lobster factory to be owned and controlled by the fishermen themselves, how to buy their supplies cooperatively, and market their product so as to save for themselves the middle man's profits, how to finance the undertaking. These were some of the problems and discussions taken up in the study clubs, and the fishermen often wondered at their own dumbness in not having given thought to these things a quarter of a century sooner. The attitude that gets things done is more inspiring than that which waits for things to happen, or that discusses how things may be done. In the autumn of 1931 they decided to build a lobster factory in the face of sturdy opposition. The fishermen had not a dollar, they had no lumber. But they had the courage to face realities in all their grimness, without which no people can rise. They possessed the enthusiasm and hope for better things which thrive when the days are dark.

"On Monday morning they took their axes and cut down the trees and had them sawn. At the end of the week the necessary lumber and timber were ready for the builders at the factory site. Scottish Irish, French -Protestants and Catholics- joined hands in supplying the material and in putting up the buildings. Their services were free, for they were working for themselves and their community. The men were almost beaten when they found themselves without money to buy glass, nails and shingles. The interest of the women had been aroused, however, and by one means or another they raised four hundred dollars for the enterprize. . . "

The earnestness of these people was not without its reward. In the first year of operations the Union packed 640 cases of lobsters, marketed 60,000 lbs. of lobsters in the shell, and saved the fishermen \$5,000. During the next three years they increased the lobster packing regularly by 200 cases, and continued to ship the same volume of lobsters in the shell. The first four years of business showed a total savings of \$27,800.

As far as they were concerned this was new money, money which they had not thought to exist. Moreover, an additional \$10,000 was paid out in wages to the sons and daughters of the fishermen for work done during a two months' period in each of the four years.

The above figures tell something of their progress from the point of view of dollars and cents. To be sure this was an important point of view, when one considers the desperate need for sustenance, but equally important and even more significant were the moral and cultural influences that these operations had upon the people. Their business has continued to show a healthy improvement each year and that is something of which they are proud. It has brought them a better standard of living but it has also given them a social intelligence and a confidence in themselves that cannot be valued in terms of money. In their own business they found a ready made School of Adult Education. In the words of Bishop Boyle, "It is on the way to produce free men, socially minded, without whom there is little hope for the world."

Harry Boucher is only one example, chosen at random. There are scores of Harry Bouchers dotting the Maritime coast and bearing different names. Practically every one of them has a story as gripping and as encouraging as that of Harry Boucher. They have established numerous lobster canneries, fish packing plants and processing plants. As members of these local co-operative societies thousands of Maritime fishermen are secure in the knowledge that they are united with their occupational brothers. Through their central marketing agency, the U M F, the humblest and most isolated fishermen are brought into direct contact with the world markets. They are also able to purchase through their Central highest quality of fishing supplies at the best prices obtainable through quantity buying.

One can't fail to detect the invaluable training in citizen-

ship that is being received unconsciously or otherwise by members of these groups. Each local co-operative is owned and controlled democratically. The great central agency, the U.M.F., in turn is operated by strict democratic procedure in accordance with Rochdale principles. The annual meeting of the delegates of the Maritime fishermen's co-operatives is a Fishermen's Parliament in the truest sense of the word. Men thus trained in basic democratic methods are surely an asset to their country and the best security for its future.

### IN MANITOBA

Let us turn our steps now to Manitoba. If one were trying to sell the co-operative idea, one might present a glamorous show window. In such case, one might select from the sample case the Manitoba Pool Elevators, with its 180 local co-operative associations handling thirty-six and a half per cent of the province's grain, or the Manitoba Co-operative Wholesale, or the Manitoba Co-operative Poultry Marketing Association which last year had total sales amounting to two and a half million dollars. But to retain our perspective it would be necessary to undertake the laborious task of dissecting these organizations in order to glimpse the status of the individual members. For the present we must let the size, efficiency, and economically beneficial effects of these large "co-ops" speak for themselves.

It will then be more useful to turn into the country roads and lanes and examine a more humble, but no less spectacular, development. Last March a considerable number of Manitoba's listening population heard a priest speaking over the radio from Winnipeg. It was Father Cocture, director of social action in the archdiocese of St. Boniface, who stepped before the microphone to tell how some of the French-speaking population of that province had met their economic problems and solved them by the co-operative method. He began his talk with these

words "It can be said that the Co-operative Movement among French speaking groups of Manitoba was born of serious economic difficulties and the problem of daily bread. Their growth can be traced to the bad years of 1932-39."

Figures clearly substantiate Father Couture's observations. The prices paid to the farmers for milk, per hundred weight, from 1931 to 1934 were as follows:

1931, with a contract	\$1.00,	without contract	77
1932, with a contract	\$1.23,	without contract	18
1933, with a contract	\$1.92,	without contract	91
1934, with a contract	\$1.39,	without contract	61

Looking around his own parish of La Broquerie in 1933, Father Couture discovered that only twelve out of more than eighty dairymen were under contract. The great majority had to take whatever price they were offered, and these prices made their work futile. Most of them, heavy with despair, tried to sell their stock and resorted to cutting wood at a dollar a cord.

"The problem was a serious one," said Father Couture. "Children were forced to quit school because their parents could not clothe them and pay for their books. During the winter of 1933, a ladies' auxiliary of the parish was busy helping the poorer members of the community. The people repeatedly tried to get better conditions from the company in charge, but without result. Poverty and discontent were rapidly growing, and the health of the young generation was being undermined. Schools were also neglected and in general the community hit a low level such as it had never known. Such were the consequences—amongst others—of the economic system that had gradually forced itself upon us all . . ."

Fortunately there was some precedent to catch the eye of these people. A new venture, a co-operative cheese factory, had just been started at Saint-Pierre-Jolys. Members of its board of directors visited La Broquerie, brought with them facts and figures, and told of their satisfaction as to prices before a meeting of the dairymen. The farmers of La

Broquerie felt their hopes reviving. They considered these things, studied and analyzed their whole problem in a series of meetings. Co-operative principles became the chief subject of their meetings, which have since developed into regular study clubs.

Their simple conclusion, expressed by Father Couture, was this: "We produce the goods—we are those who work—we are capable of good will and mutual assistance—all we lack is a market. Why not organize for it?" The answer to their last question came in action rather than words. In the spring of 1934 a drive was launched to raise money in order to build a co-operative cheese factory. The method was a novel one. Shares were sold at ten dollars each. Each member was asked to pay cash for at least one share, to procure a second share in exchange for labour, and to allocate the dividends of a hoped-for future surplus savings for a third share.

Study and action, then, were the tools with which these poor people fashioned a solution for their problems. The result was gratifying. The members of the co-operative (numbering about 100 shareholders) have netted a total of \$500,000 from the operation since 1933. Moreover, they now own a modern up-to-date plant which is free from any debt. The co-operative way contained all that they had expected, and more. They opened a credit union in 1938, it has assets of \$19,000. A co-operative store was opened in 1939, and last year did a business of more than \$45,000.

The good news spread to neighbouring parishes and soon similar methods were adopted throughout the French speaking areas of Manitoba: Hinywood, Joly's, Otterburne, Hithot, Ste. Anne, St. Laurent, St. Malo, St. Pierre, Ste. Rose du Lac—each has its co-operative cheese factory. Together they have a membership of 800 producers. Not large, but the business done by nine of these "co-ops" (figures for Ste. Rose du Lac unobtainable) last year amounted to \$212,391.80. Moreover



the co-operative development in this area now includes 35 credit unions and 12 co-operative stores.

All of these ventures were the direct product of study clubs. Again one cannot miss the social significance. Said Father Couture,

"All these problems require study and thought. When co-operative leaders ask the common people to study and analyse their problems and help them in finding solutions, and convince them that they can bring about a better state of affairs, they are fostering practical education." Further he stated "'Co-ops' bring together, in a communion of thought, classes and nations, by giving a higher ideal of mutual brotherhood in daily work. Members of 'co-ops' believe that these principles will assure a solution to social problems and difficulties of the future."

The "co-ops" that we have seen thus far have one main aspect in common: they are, in common parlance, "producer co-ops." That is, they are formed by groups of primary producers—fishermen and dairymen in these instances—who banded together to own and operate their processing plants and to market their products. The same technique has been applied hundreds of times in Canada, by groups of honey producers, grain growers, wool growers, lumbermen, etc. The procedure is simple. The goods are produced by the member, then handled and marketed through the co-operative organization. The producer receives an arbitrary price for his product when he delivers it to his association, after it has been marketed, and when operating expenses have been paid and when reserves necessary to protect future operations have been set aside, he receives the balance of the price for his goods. Before looking at some other forms of co-operative enterprises, let us examine one of the larger "producer co-ops," namely the Saskatchewan Co-operative Producers Limited, sometimes called the Saskatchewan Wheat Pool. It must be borne in mind that grain growing constitutes the only or major source of income for a considerable section of Canada's population,

located in the three prairie provinces. Co-operative technique was applied early in this field and its development is mature. Each of the three Provinces has its co-operative network of grain elevators—the Alberta Wheat Pool, the Saskatchewan Wheat Pool and Manitoba Pool Elevators. All three submitted detailed evidence before the Royal Commission at its final hearing in Ottawa late in April.

### THE SASKATCHEWAN POOL

The Saskatchewan Pool is the largest co-operative grain association in the world. Its membership includes 100,000 farmers, every one of whom has a voice, directly or indirectly, in its operations. Originally called the Saskatchewan Co-operative Wheat Producers Ltd., the Pool organization in 1944 had its name changed to Saskatchewan Co-operative Producers Limited, provision having been made for the operation of Saskatchewan Livestock Producers Ltd., as a subsidiary organization. The present association consists of additional subsidiaries in the Saskatchewan Pool Elevators Limited, Saskatchewan Pool Terminals Limited, Saskatchewan Wheat Pool Construction Company Limited, and Modern Press Limited.

The problems confronting the grain farmers of the West have been numerous, and since Canada's whole economy is vitally affected by the success or failure of her wheat crops there is a long history of attempts to protect the wheat farmers. As quoted in the Saskatchewan Pool brief, the Royal Grain Commission appointed in May, 1923, reported that "between the year 1897 and the outbreak of the Great War in 1914, thirteen investigations into various departments of the grain trade were made by Royal Commissions, in some cases appointed by federal and in other cases by provincial authority. All of these investigations were prompted by complaints emanating from the producers of grain and they all resulted in the bringing about of at least some beneficial changes in the con-

ditions complained of." The Report stated that no general investigation had been made since 1914, and that during the ensuing years, the complaints of the producers had become more specific, their demands more insistent and more extensive, "reaching, as they do now (1923) far beyond the local questions which at one time engaged their attention."

The brief presented to the Commission by the Alberta Wheat Pool gives a vivid description of the many efforts to redress the plight of the wheat farmer, particularly since the turn of the century. Every means of solving their problems by legislative action was exhausted. Legislation brought improvements but not complete satisfaction. Attempts were made to operate farmer-owned elevators, profits being returned to the farmers on a basis of the number of shares held. But, the Alberta brief states:

"While both these methods unquestionably improved conditions it was clear to farm people that something more was needed. They turned, therefore, as a last resort in a courageous attempt at self help to the co-operative idea as a means of getting for farmers as large a part of the price which the consumer paid for their product as could be made available. They organized a co-operative structure, built and paid for by the farmers. Their purpose was to create an organization to reduce the cost to its farmer members of marketing their product so as to increase net farm income."

While differing in the details of organization, the three wheat pools which were formed during the 20's in Manitoba, Saskatchewan and Alberta, had a common purpose—to bring the greatest measure of security to the wheat farmer.

Centering our attention again on the Saskatchewan Wheat Pool, perhaps the aspect which is of greatest interest is that here is a rather large economic group which has established for itself a fair measure of economic democracy. Occasionally one hears objections to the increasing size of "co-op" enterprises. The implication seems to be that bigness means badness, or

conversely, that "co-ops" are all right so long as they remain small. It is argued that the democratic features of "co-ops" are destroyed or reduced to negligible proportions as the business enterprise expands its activities and membership. The Saskatchewan Wheat Pool has the largest membership of any single co-operative enterprise in Canada. Here, if anywhere, one should look for substantiation of the objection just mentioned. Let us see.

Obviously, it is impossible for the hundred thousand members of the Saskatchewan Pool to meet in one place simultaneously in order to apply the co-operative principle of "one member, one vote." However, the Act of Incorporation and the Articles of Association provide for an annual election of shareholder's representatives, to be known as delegates. For the purpose of general meetings of the association these delegates are to all intents and purposes the shareholders. For administration, the Province is divided into 16 districts which are in turn divided into sub-districts. Every year the shareholders in each sub-district (there are 165 sub-districts) make use of their democratic right by electing a delegate. Ballots are mailed to all shareholders, they are marked by the shareholders, and sent by mail to a returning officer who has no connection with the organization. The delegates so elected hold office for one year. The next step in this process is the election of directors. The delegates from the sub-districts come together in a district meeting to elect a director from their district, the directors hold office for twelve months. The duty of the 165 delegates does not cease when they have elected a board of directors. During their term of office they perform all the usual duties of shareholders, attending and voting at annual or special meetings of their association. District meetings are also held when it is felt advisable.

Economists and sociologists view with no little alarm the modern trend towards separation of ownership from control in industry. It is impossible, for instance, for all the share-

holders of a corporation such as Standard Oil Company to travel from homes in every part of the world to an annual meeting in San Francisco or New York. It is also impossible for the shareholders to be properly represented by delegates since no shareholder is even aware of the names of his fellow shareholders. Such a condition is made worse by the system of "proxy voting" and its attendant abuses resulting in management control, minority control and the pyramiding power of holding companies.

### DEMOCRATIC CONTROL

In contrast, the Saskatchewan Pool brief points out that delegates to all annual and district meetings have their expenses paid and receive a per diem allowance for the time spent at such meetings. The guarantee of democratic control is thus twofold. The shareholders are fully enabled to elect representatives (who, in this case, unlike that of the large corporations, are known to them personally), and secondly, funds are provided to enable all these representatives to attend the general meetings. A further safeguard lies in the fact that members are unable to transfer their shares to outsiders. No transfer is recognized by the association unless it be to another shareholder of the company. Assurance is thus given that the association will always be owned and controlled by the growers who are its only shareholders. Contrary to the trend in modern corporations, ownership and control are completely identical. Furthermore, through their ownership and control of the parent association, the individual shareholders are also the owners and retain control of all the subsidiaries of the Saskatchewan Co-operative Producers.

It is interesting to note the attitude of the Saskatchewan Pool towards other Rochdale principles. The brief states,

"The Elevator Company commenced operations in September, 1925, on the announced policy of operating on a non-profit basis—a policy from which it has never varied. It

undertook to do so by making a fixed charge for the services rendered at the time of delivery, and by refunding any surplus after the close of the fiscal year."

In effect, this means strict adherence to the principle of returning dividends or "excess charges" according to the proportion of business done by the member through his organization. This return is made by the Pool on a bushelage basis. The "dividend" in this case consists of refunds of excess charges made on the handling of the grain. By 1943 the Pool had declared a refund of excess charges amounting to \$11,359, 660 30 since its inception in 1925.

Another universally recognized principle of co-operative enterprise is "limited interest on capital," the aim of which is to ensure that co-operative savings will be paid not as a reward to capital primarily but as a return on the basis of the patronage which made the savings possible. What is the record of the Saskatchewan Pool in this connection? Referring to the initial year of operation, the brief states:

"There was deducted from the gross returns the cost of operation, an amount sufficient to enable the Wheat Pool to pay six per cent. interest to its members from whom it had received the elevator deductions (as share capitals), and also such sums as the directors might deem requisite as a reserve. The balance was to be paid by way of a refund of excess charges. Interest was to be paid on the elevator deductions at the rate of six per cent. up to the year 1930. Beginning with the year 1931, up to and including the year 1942, no interest was paid. For the years 1943 and 1944 interest has been declared at the rate of three per cent."

#### "PROGRESS CO-OPS" IN CANADA

In view of all these facts the reader can judge for himself how far co-operative principles are adhered to by the Saskatchewan Pool. Agricultural producer "co-ops" now market 40 per cent. of all grain delivered at country elevators, 25 per cent. of dairy products, 26 per cent. of fruit and vegetables,

25 per cent of livestock, and 32 per cent of all the main farm products marketed in Canada. In addition there are some bargaining "co-ops," such as the Ontario Whole Milk Producers' League, that negotiate for "fair prices" of certain commodities, and in this sense may be said to carry on marketing activities. Space does not permit enumeration of these, but a few of the outstanding ones may be mentioned. In B.C. there are the Fraser Valley Milk Producers and the Associated Fruit Growers, in the Prairie Provinces there are various Grain, Livestock, Dairy, Poultry and Honey Pools, in Ontario there are various Fruit, Dairy, Vegetable, Poultry and Honey "Co-ops," as well as the marketing departments of the United Farmers Co-operative Company, in Quebec the very extensive marketing activities of the Co-operative Fédérée, and in the Maritimes the Maritime Co-operative Services. These facts may be of interest from the point of view of the economist, for the statistics show that the business of marketing Canadian farm products is rapidly passing into the hands of the farmers themselves. The economic significance of this is deserving of separate treatment, here one brief comment may be permitted.

Purchasing power is passing from the hands of a relatively small number of "dealers" to a large number of people who are directly responsible for production and perform the primary functions in creating the purchasing power. Here is the situation. Roughly, the same goods are being produced as were always produced, they are being marketed and consumed in proportionately the same quantities as was the case formerly. The same amount of money is involved. But the co-operator finds that he is draining off for himself a larger amount of the country's wealth. He is getting "new money"—money which existed before but which he never saw. He is getting this new money because he was ingenious enough to give himself the service for which he formerly paid, and often overpaid, someone else. Furthermore he is doing this at the expense of nobody

except the persons whose activities, on a realistic balance sheet of the country's business, are unnecessary or over paid.

However, to one sincerely interested in human progress it may appear that the spiritual and cultural aspects of co-operation are even more important than, though dependent upon, the economic. That these things are in the minds of co-operators is apparent from the words of co-operative witnesses from coast to coast as they put their cases before the Royal Commission. It came from the lips of Russell's Mrs. Simpson when she said at Vancouver "The co-operative has paid out in wages to its members since inception \$150,000, thereby raising the standard of living of all persons in the village appreciably, and, most important, has given birth to a new feeling of confidence in the future." It re-appeared in the voice of Howard MacKiehan at Halifax when he quoted Bishop James Boyle in the U.M.F. brief

"The people have acquired a social intelligence, and self-reliance that no money can buy. The organization has been a splendid school of adult education for its members. It is on the way to produce free men, socially-minded, without whom there is little hope for the world."

"Co-ops" of the producer type are more prominent in Canada than those of other sorts, for the rather obvious reason that Canadian primary producers have faced a most pressing problem in the marketing of their products, and this has been especially true in Western Canada. But other types of "co-ops" are on the way. Let us look at some of these, as they were presented to the Royal Commission.

#### AT DAVIDSON, SASKATCHEWAN

We may imagine ourselves to be entering the village of Davidson, Saskatchewan. We are struck immediately by its clean and orderly appearance. Unlike many western villages of a similar size we notice that the streets are of gravel, the sidewalks are of cement. There is a beautiful park, a well-



equipped fire hall. We stop for a few moments to look in at the store window of the local co-operative society. As we are inspecting the display of merchandise a voice greets us from the doorway. It is John Wilson, popularly known as Jock, who has been manager of the Davidson Co-operative Society for fifteen years. Mr. Wilson is justifiably proud of his town. His eyes sparkle as he tells us of the non-profit public works—the fourteen bed hospital, the eight room brick school, the skating and curling rink which is as good as any in Saskatchewan, and the fine brick town hall with its large auditorium. He tells us that his town owes no money on debentures but on the contrary has \$17,000 in its reserve fund. All of this he attributes to the stimulating effect of co-operation on community affairs. It seems to be the kind of exaggeration that one might expect from so enthusiastic a co-operator as Jock Wilson, so we question him with perhaps a note of scepticism as to the relation between co-operative projects and these community assets of which he boasts. His answers form a fascinating story.

One of the original co-operatives in Saskatchewan, the Davidson "Co-op" is now thirty years old. During the year 1914 its 700 members purchased merchandise to the value of over \$100,000. Since the society began in 1914 with simply the distribution of coal, lumber and building supplies it has constantly added to its functions, always endeavouring to increase the service to its members. In 1915 it undertook the distribution of gas and oils. A year later it was distributing farm implements and doing repair work on farm machines. In 1918 it launched forth as a genuine co-operative food store supplying its members with groceries and provisions. The next year found it also distributing meats, a cold storage plant having been installed, and it also began to serve its farmer members by handling their dressed poultry, eggs, and other dairy products and shipped out their live animals for them. By 1920 its stock had come to include hardware, plumbing materials, dry goods, clothing, and home furnishings. In the same year a tin

shop was acquired. The little co-operative society was well on its way to becoming a community centre. In 1926 a bakery was established.

A livery stable which had served farmers and members of the community closed its doors in 1930, causing no little inconvenience. Children driving to school from the country and also farmers coming to town had to have accommodation for their horses, especially during the cold winter days. The "coop" came to the rescue by adding this to its list of services. Here was a clear case of the co-operative society supplying the community with services which no profit-seeking firm would undertake. It was not the only instance. The tin-smith shop was closed because there was no longer enough business to maintain the operator. Rather than dispense with the service entirely the members of the co-operative decided to continue to pay him a salary. Again in 1934 the town milk supply was cut off and no one considered it a profitable venture to supply this service. It was at the request of the Town Council that the Davidson Co-operative took over the task of servicing the community with milk.

Western farmers were hit harder than anyone else by the great depression of the 30's together with years of drought. Economic hardships became the companion of tragedy, when families found themselves hard put to raise even sufficient money to bury their dead. Some families of Davidson found it necessary to appeal to the municipality for aid. As a result a death benefit scheme was instituted in 1938 by the co-operative society. The by law provides that on the death of a member or of his wife, benefits are payable to the extent of 15 per cent. of the average of purchases made during the past three years. It is expected that the rate will soon be raised to 17 per cent. Recent developments include the establishment of an egg candling station and the distribution of pasteurized milk.

The co-operators of Davidson have not slowed their pace nor allowed their vision to become dimmed by these successful

achievements. They are looking ahead to still other achievements. Says Manager Wilson:

"There is a suggestion that the co-operative take on its pay roll a physician, a dentist, two or three nurses, and equip a medical centre for them to work from. The co-operative could very well do this and thus provide health services, mainly preventive, at little or no cost to any member except the almost total elimination of his annual patronage dividend. Because the co-operative has no interest in making profits and because it cannot lose money (having nothing to lose) it provides an ideal vehicle through which to provide community services unprofitable by any reckoning in dollars and cents."

The people of Davidson are practical-minded people but their devotion to co-operative principles seems to know no bounds. In the by laws of the Society one finds a provision that in the event of the business being wound up the sum left over after liquidation of the assets and payment of debts must be used to provide scholarships for students in the Davidson district.

From a structural point of view the Davidson "Co-op" is interesting in that it does not have a share capital nor shareholders. An individual of the community becomes a member automatically eligible to share in the savings effected by the "co-op" if he purchases \$50 worth of goods in the course of one year. Of the patronage dividends paid to the member the first \$20 is held by the "co-op" as a membership deposit. As in all co-operatives, membership is open to all, earnings are returned to the members as an overcharge of the goods they purchased and each has one vote.

With this story in mind Jock Wilson's claim that co-operation has acted as a stimulant in community affairs seems well founded. But Mr. Wilson is the type of man who still believes that "man doth not live by bread alone." He finds in his co-operative something more than an economic safeguard for himself and his fellow-citizens. He finds in it a medium through

which the people are able to aspire to the good and abundant life in every sense that this term conveys.

#### IN BARRIE (ONTARIO)

Let us now journey farther west to the town of Clorverdale, Ill., where the Barry Co-operative Association Limited was incorporated in 1919. This consumer's co-operative, like many others, arose out of a need that could be satisfied in no other way. Because of the drop in prices following the last war its members grouped together to buy car loads of feed, the feed being distributed from the cars directly to the people in the district, thus effecting a considerable saving. During the next two years financial help was received from the Fraser Valley Milk Producers Association and the co-operative carried on its business from a box car. From this modest beginning the Barry 'Co-op' has gradually grown until it now supplies its members with feeds, groceries, cereals, coal, hardware, brooders and brooder supplies, poultry fencing supplies, meats and butter. A modern cold storage plant provides 600 lockers for the members who now number 1,550.

Here is the authentic record of one member's account since he joined the society in 1921. This man made an original investment in the consumer co-operative of four \$10 shares or \$40. He has since received back his original investment of \$40. He has received \$234 in redeemed capital and still holds \$528 in share capital. In the reserve account he has redeemed the amount of \$17.18 and still holds to his credit \$108.51. In addition he has received in interest \$182. His record tells us that over a period of 15 years this man has received \$1,209.69. It is a typical members' account for that period. It is only one of many others. Furthermore, this member has received from his co-operative other benefits which these figures do not directly indicate. During the whole of that 15 year period he has received his groceries, feeds, household and farm supplies at the prevailing market prices. He has paid out for

these goods not a cent more than a man buying the same amount of goods from an ordinary profit enterprise. He has carried on the same transaction but has paid back to himself more than \$1,200 in savings—\$1,200 more than one of his neighbours who may have forfeited these savings by indifferently passing them into the hands of a "businessman" who profited at his expense. More than that, our co-operative member has participated actively in his own business. He has exercised his democratic right to regulate the business in order to meet his own needs. He has learned a considerable amount about the workings of democracy. And he has contributed to the stability and safety of his country by preparing himself to meet civic responsibility in an enlightened manner.

#### A TRANSPORTATION "CO-OP"

But man has physical needs that do not fall under the heading of food, clothing, or things of that kind. Man purchases goods for his needs but he also purchases services. One of these important services which co-operators have found open to their technique is transportation. The town of Rosland, British Columbia, serves as an example. Here, too, co-operative efforts arose out of the depth of the depression. In 1932 the gold mines at Rosland ceased operations. To most people the only safe course of action might seem to be to leave town as fast as possible and try to search out some place where the depression might not have struck so completely and violently. This was the decision of many and the town which had a population of 2,800 when the mine closed was rapidly becoming a "ghost town." But man's attachment to his home is not easily cast aside. Some of the citizens of Rosland secured work in the Consolidated Mining and Smelting Company situated six miles away at Trail. However, railways and bus companies were unable to supply transportation cheaply enough for the workers. Hence the Rosland Co-operative, first conceived as a dream by some of the workers, was organized by 12 men in 1932.

with the purchase of one five passenger car. They had decided to own their own transportation service. At the end of the first year the Society included more than 120 members and had purchased eight cars. Its membership increased to over 200 in the second year and in the present year the membership stands at 360 while this novel transportation society operates a modern fleet of 14 seven passenger automobiles. This was clearly an example of workmen coming together to provide themselves with a service that could not be procured by any other means. The ordinary rate for a round trip from Roseland to Trail is 90 cents, the rate charged by the Roseland Co-operative Society is 30 cents. When the Society was first formed the private bus company in the face of this threat to its business offered a special rate of 50 cents per round trip but would make no guarantee that the service would be regular.

The methods used by these Roseland people to operate their transportation society are interesting. Selected members are appointed to drive the automobiles back and forth, and there are no professional chauffeurs. Members going to work on a shift arrive there in fifteen cars while the group coming off shift are returned to Roseland in the same cars. The rest of the cars are used by men who go to work in the morning and return in the evening. This means a considerable saving in wages which would ordinarily have to be paid to professional drivers. This co-operative also owns a garage and a service station at Roseland fully equipped for the servicing and storage of its fleet of autos. It employs two mechanics, and two helpers. A secretary and two stenographers handle the office work and bookkeeping. Gas, oil and tires are available to the society at wholesale prices. Administration of the business is simple and cheap. Twelve men form the Board of Directors elected by the membership at large on the familiar principle of "one member one vote." Members travel on a "pay-as-you-go" basis, using tickets which are sold in books of 15. Each member holds a share valued at \$25. At the completion of the

business year the passenger members receive a rebate of the surplus earned by the society in proportion to their patronage of the transportation service. Having these rebates on the number of tickets purchased by members the society distributed \$7,237.76 in patronage dividends for the year 1943. Its assets include \$18,600 in Victory Bonds, showing that co-operation also plays its part in times of national stress. This sum invested in Victory Bonds is of course made up of money that under ordinary circumstances would probably have been drained out of the community by a private transportation company and likely to be spent on cost items which the Roseland Co-operators find unnecessary to maintain.

Roseland is no longer a ghost town. Its population has increased to 4,000. Nor has the example of the Roseland workers passed unnoticed by their neighbours. Six similar co-operative transport companies are now operating in British Columbia, five of them in the immediate vicinity of Roseland. This was the story told to the Royal Commission by John Gordon, President of the Transportation Society and also Mayor of Roseland. Significantly enough, Mr Gordon was more impressed by the project's effect upon his fellow citizens than by its strictly economic aspect. He pointed out that 75 per cent of the members participated actively in electing the directors of the society—a much higher proportion than one usually finds in civic elections.

### CO-OPERATIVE HOUSING IN NOVA SCOTIA

Transportation is only one of the many services made possible to consumers when "profit enterprises" would not or could not be interested. Thousands of people all over the continent have heard the story of Tompkinsville, N.S. It is worth repeating. It is one of the seven housing co-operatives in that province, and is named after Rev. Dr. James Tompkins, one of Nova Scotia's co-operative pioneers, popularly known as "Father Jimmy." Tompkinsville is located at Reserve Mines

in the heart of Cape Breton's coal mining area. Here a group of families came together, as a result of the acute housing shortage in the mining area, and as a consequence of the educational work carried on by the St. Francis Xavier Extension Department, decided to undertake a co-operative housing project. The result is that there are now eleven beautiful modern homes owned by the Arnold Co-operative Housing Association Limited which received its name from Miss Mary Arnold, a housing expert from the United States who kindly lent her supervision to the undertaking. The details of this project were colourfully revealed to the Royal Commission by Joseph Laben, former president of this Co-operative.

Howe's Mines, he explained, was one of the first places approached by the Extension Department in 1932 when it began its province wide programme of study groups. The first credit union emerged from such a study group in 1933. The same members continued studying, discussing, planning and in 1937 opened the first co-operative store. Filled with confidence by the success of these two ventures they set about the problem of bringing further benefits to themselves by their own action, and housing was one of their most pressing problems. Completing an intense study of housing plans, each borrowed \$1,500 from the Nova Scotia Housing Commission, were allowed \$100 on their labour by the Commission and each member bought a strip of land at \$50, and contributed \$50 more to the Association. Using their own credit union they borrowed this money, arranged to pay the loan back over a period of 25 years at the rate of \$12.15 per month. This consisted of a payment of \$9.65 on maintenance, interest and amortisation, and a further \$2.50 as a reserve for illness and emergency. The eleven homes are owned by the Arnold Co-operative Housing Association Limited and will remain so till the end of the 25-year period, when the members will decide whether they will own the houses individually or continue to own them jointly through the corporation.



These eleven members, of Irish, Scottish, French and German extraction, along with their wives, designed and planned their dwellings, and contributed most of the labour. Women who had never known the feel of a hammer before pitched in and nailed down floor boards, ceiling strips and wall sections. The work was hard but there was in it the joy of creation, the *hap;iness* that always accompanies the satisfaction of man's creative desire. The work was completed but continued happiness remains in the enjoyment of fine buildings which are their homes.

It would be easier for one to appreciate the meaning of such a project if one could see clearly the conditions under which these people lived "before and after." They formerly lived in "company houses." These pitiable dwellings had four rooms, two rooms downstairs and two upstairs. There was no planning for drainage and the houses were built on very low land. There was not even a small plot of ground on which to cultivate a garden. There was no basement, the houses being built on posts. There were outside toilets, a feature not uncommon, unfortunately in Canada's rural areas, but then was a mining town. The homes were heated only by kitchen stoves and the drab utility colours with which they were painted were no inducement for the heart to sing in the midst of adversity. The rent varied from \$9.00 to \$12.00 per month.

Contrast such a picture with the present situation. Each of the new homes has a full concrete basement, a hot air furnace, three large rooms downstairs, and three bedrooms upstairs with a bathroom. The floors are for the most part of hardwood, with softwood flooring in the kitchen. With each house is three quarters of an acre of clear ground which is used for gardening. The children of these eleven families have a playground and an additional eleven acres are owned in common by the families.

The best comment, perhaps, on the startling difference just outlined is that as a result, six other co-operative housing groups have completed similar projects in Nova Scotia, two of

them located in Glace Bay, one in Bowlnash, one in Sydney and two others in Pictou County. A further development along the same lines was arrested only by the necessary withdrawal of loans by the Nova Scotia Housing Commission in the war years. Several groups now studying co-operative housing are awaiting only an opportune moment to imitate the inspiring work of the Tompkinsville pioneers.

The possibility of a widespread programme of co-operative housing in Canada burns up, perhaps, as one of the most efficient means of solving the country's extremely acute housing shortage. Many co-operators feel that it will be the safest way of protecting the consumer during the post war building boom which may see builders' margins of profit swell excessively.

It is perhaps not surprising that Tompkinsville should have come into existence on the Island of Cape Breton at Canada's eastern tip, for in fact this island with its population of 150,000 is probably the most co-operative small area in North America. Part of its development includes a co-operative wholesale, forty-eight consumer co-operative stores, three dairies, six fish plants and some other miscellaneous co-operative enterprises. The total business amounts to approximately \$5,000,000 all the earnings of which are returned to augment the purchasing power of the members. The Wholesale alone which is called the Cape Breton Co-operative Services, has monthly sales amounting to \$80,000 and it is fully expected that this figure will be considerably increased when it becomes possible to supply the member co-operative stores with all the commodities they have been unable to obtain during the war.

### THE "BRITISH-CANADIAN" Co-op

Space does not permit us to describe in any detail the wide ramifications of consumer co-operative development on Cape Breton Island, but for a moment we may consider the story of the British Canadian Co-operative Society, one of the oldest, and certainly the largest consumer society on the continent.

Its president, Neil MacDonald, appeared before the Royal Commission at its Halifax sitting, as a witness for the Nova Scotia Co-operative Union. In him one finds, doubtless, an explanation of some of the factors in co-operative success. Neil MacDonald has been a coal miner for fifty years. His working conditions are typical of many workers in the Cape Breton mining area. He started to work in the mines before he had reached his twelfth birthday. In the morning he gets up at 4.15, catching a workman's train at 5.40 a.m. which takes him to the Florence Colliery, 2½ miles away. From there he enters the mine and proceeds to the coal face which is from 3 to 3½ miles underneath the Atlantic Ocean. And yet, after such a grueling routine, he spends an average of from 15 to 24 hours a week on his presidential duties, without financial remuneration. It is surely a tribute to co-operative enterprise that it can inspire hard working men to thus devote their spare hours to the interests of their fellow men. Although 95 per cent. of the members of the British Canadian Co-operative are coal miners who are employed in machine shops, mines, and locomotive works, its Board of Directors includes an electrical engineer, a supervisor of schools, and a professor of music, besides seven miners.

Organized in 1906 at Sydney Mines the Society now has branches operating in the mining area at Sydney Mines, Glace Bay, Dominion Donkin, North Sydney Bras d'Or and Florence. The membership has reached the figure of 3,279. The Society has sales amounting to approximately \$300,000 in a six month period. Its investments are valued at \$150,000. It paid to members as patronage returns in the depression years 1931-1938 the sum of \$579,944.

#### IN NORTHERN ONTARIO

Perhaps miners are particularly susceptible to co-operative philosophy. At any rate, we find that the consumers' co-operative development of Cape Breton mining area has a counter-

part in the heart of Northern Ontario's mining district. The "Consumers' Cooperative Society" has its headquarters at Timmins, Ontario, and operates four branches, in Timmins, Schumacher, South Porcupine and Dome Mine. This Society serves 1,200 miners and their families of Scottish, Finnish, English, Chinese and Ukrainian descent. Its president is Mr. Wilhamen, who once belonged to a co-operative in his native Finland. His organization was established in 1931 and now employs 46 people. It handles flour, feed, coal and groceries, and has annual sales amounting to \$550,000. During its 13 years of existence it has paid or allocated to its members' accounts \$109,100 as patronage rebates. Another \$3,710 has been paid in cash as interest on share capital.

Here, again, humble workmen have found that they can manage their own business and increase the power of their dollars. They have also brought to the community many added benefits. They have spent \$16,500 in community work and recreation for their members. A visitor arriving in Timmins a few years ago, before the exigencies of war had made it necessary to curtail many recreational activities, would have witnessed an inspiring evidence of the co-operative society's beneficial influence. Under the sponsorship of the co-operative a children's choir was organized. More than 70 children gathered together weekly for practice, presenting a high class concert once a year. A boys' band was also organized under the leadership of an employee of the society. From 1936-1940 a full time educational director was employed by the society to organize whatever activities the members desired and to propagate co-operative ideas. The society organized the people for athletics and gymnastics, dividing them into several age groups. In the evenings especially during the long winter seasons, the older people gathered at whist parties, folk dances, and discussion circles. The society's hall was the town's popular rendezvous, where practically every night in the week some form of activity was taking place. A field close to the

Mattagami River was purchased for the use of the members, and provided a popular place of recreation for young and old during the summer months. Besides these facilities the educational activities included a film society, which brought in fine educational films, a book club, which supplied books at cost for the members, and a lending library. In addition, the society organized a consumers' credit union and, as a result of the educational work done, the St. Charles Credit Union was organized among the French-Canadians and now has assets well over \$100,000.

It is noteworthy that the benefits arising from the operation of the "co-ops" have inured not only to its members but to the rest of the population. The co-operative was the first business in Timmins to sponsor shorter working hours. Following the usual Saturday night rush of mining towns, employees of the Timmins chain stores regularly worked until one and two o'clock on Sunday mornings. In contrast to this the co-operative employees worked until 6.00 p.m. on Saturday and 5.30 p.m. on week days. A year ago the other stores in the community adopted this practice for their employees. The society also provides annual holidays with pay for its employees. There is little need for anyone to convince these miners of Timmins of the value of co-operation.

### WHOLESALE

The participation of co-operators in their own business interests does not cease when they have successfully established their own retail stores. Obviously the savings that can be made from consumer societies, if the process stops there, is limited by and dependent on the profit-earning wholesalers which supply goods to the co-operative stores. Hence, when ever a sufficient number of consumer societies have been established in a given area it is the logical practice to establish a co-operative wholesale owned jointly by the member co-operative societies. In turn, over a larger area, a number of success-

ful co-operative wholesalers can combine their efforts to operate factories which will supply them with goods for distribution to the members. Co-operative wholesalers accordingly have been established in every Province in Canada and the savings which they effect are added to the surplus of the local consumer societies to swell the rebates to the individual co-operator. Let us take for an example the "United Farmers Co-operative Company" with headquarters in Toronto. Whether measured by volume of sales, savings, area served, number of shareholders or variety of business, this is the largest co-operative in Ontario. It does an annual business in excess of \$20,000,000, and last year distributed more than \$100,000 in patronage returns to its shareholders and patrons. It is increasingly recognized as the central co-operative wholesale in Ontario, serving local farm supply "co-ops" and in addition acting as a marketing agency through which the locals dispose of their poultry, eggs, livestock, seeds, butter and other products.

This co-operative began in a very humble fashion before the first world war, increased its stature as it met the urgent need of those it served and welded their talents together until today it serves well over 100 local co-operatives. Its growth is typical of similar "co-op" ventures across the country. Its first major business venture was the handling of binder twine. When every Canadian manufacturer of this commodity refused to sell to the new co-operative except at retail prices arrangements were made with the Belfast Rope Works in Ireland to secure supplies of twine and rope. This connection was continued until the present war made it impossible. The Company operates seven creameries which were purchased between 1920 and 1924. In 1913, in answer to the demand of the farmers for better livestock marketing facilities, a livestock branch was opened which for many years has been the largest livestock commission agency on the Toronto Union Stockyards. A Seed Department was established in 1920. In 1944 the United Farmers' Co-operative advanced into co-operative manufacturer-

ing with the production of "Co-op Feeds." For a good many years, in an effort to escape the allegedly exorbitant margins which farmers paid on fertilizers, this company distributed fertilizer ingredients to the farmers for home mixing. In 1941 a fertilizer plant was purchased in West Toronto, the operation of which has since been extensive and successful. In joint action with other similar wholesalers and marketing co-operatives the United Farmers' Co-operative participates in the manufacture and distribution of Co-op Universal Milkers through affiliation with "National Co-operatives Incorporated." In the same way it also handles cedar shingles manufactured at Fanny Bay, British Columbia. It has purchased the universal milker assembly and distribution plant at Peterboro, Ontario, and in the post war years the U.F.C. Co. is planning an increased distribution of this important equipment to co-operatives throughout Canada. Other achievements of this Company include the organization of a co-operative Pre-Mix Feed plant, and the establishment of three modern poultry processing plants at Peterboro, Cayuga and Renfrew, each under the control of a local autonomous co-operative. Besides supplying retail co-operative societies with services that result in substantial savings for the members, the United Farmers' Co-operative has rendered a valuable service in the form of co-operative education and leadership throughout the province. It is performing for its members the same kind of services that similar organizations are performing in other provinces.

### IN QUEBEC

As yet we have given no attention to the notable co-operative development in the Province of Quebec. This French-speaking Province is one of the most co-operatively minded in the Dominion. Its "co-ops" include every line of business endeavour, and are doing a large proportion of the Province's farm business. A single organization, the "Co-operative Fédérée du Québec," which is a federation of co-operatives

handling farm products and supplies, has an annual business volume of nearly \$35,000,000. Yet this organization is relatively young. It was established only in 1922, and was re-organized in 1930. In the year 1943 it distributed patronage dividends of approximately \$275,000 to swell the purchasing power of its members. It is significant to note that in the same year \$30,000 of its earnings was appropriated for a pension and educational fund—proof that the eyes of these co-operators are not always fixed on immediate personal financial gain. Perhaps the most striking feature of the Quebec co-operative picture shown to the Commission was the constant devotion to cultural values and to the aesthetic development of the co-operative members.

But again let us not become lost in the traffic-yard of box car figures that are associated with co-operatives of huge proportions. The interests of French-speaking co-operators can perhaps be illustrated more clearly by going to a humbler organization. Let us drop into the formerly poor parish of Ste. Anne de Repiquenaure. It was in this parish that Joseph La Liberté drew the attention of the Royal Commission. The co-operative development of this community has many interesting features. They include a consumers co-operative purchasing and selling syndicate which supplies its members with groceries, hardware, feeds, clothing and other articles. It should be remembered that Ste. Anne de Repiquenaure is but a tiny village situated twenty five miles from the nearest rail road. Its consumers' syndicate began operations with eighteen members each paying a membership fee of \$1.00 in 1935. Its membership now numbers 163 from the parish's total population of 180 families. In 1940 the parishioners established a credit union which already has assets of \$43,406.53 and has granted 3,111 loans to its members making a total of \$82,378.05. All of these loans were for provident or productive purposes. For instance, 2,000 of them were for consumption, 500 were for



production, 200 were for building purposes and seven loans were made to existing co-operatives and to schools. But perhaps the most interesting feature of this community is its labour syndicate which was organized in 1911. So far as the writer is aware this novel co-operative is the only one of its type in America. To date its activities have included the building of 83 barns, it operates a grist mill which has ground 8,000 bushels of grain, a fanning mill, a thresher which has handled 28,000 bushels of grain, 6,000 pounds of clover seed and 600 pounds of hay seed.

In 1942 the labour syndicate began something new in the field of co-operative endeavour, namely logging operations. Seven members got together in the winter of 1942-43 for this purpose. The operation was so successful that in 1943-44 the number of members increased to 123. During that season the group handled a contract for the Canadian International Paper Company for 600,000 feet of wood. Mr. La Liberte told the story of how the successful operation of this new enterprise filled the members with new hope and confidence. Wages were higher than the prevailing rates for the same type of work in that region. The few members that banded together for the first season netted an operational surplus of \$700— a gain, to be sure, but certainly not a windfall. In the second season, with the increased membership, the operational surplus amounted to \$20,000, \$500 of which was placed in the reserve fund and the remaining portion distributed among the members. Mr. La Liberte observed that a representative of a lumbering company had said that there was a proportion of eight to one between "jumping the bush" or leaving the job in an ordinary camp and in the co-operative organization. Only two members had left the co-operative camp and for reasons not usually considered under the term "jumping." The remuneration of the camp manager, clerks and cook was based on the average daily earnings of the ten best wood cutters.

The set-up of these co-operative logging operations is as follows. Members of the co-operative labour syndicate who wish to participate in the logging venture ask the Board of Directors to arrange a contract for them. The Board of Directors then visits the lumber company, examines the jobs which they wish to have done, and then makes a contract with the company, agreeing to deliver an amount of lumber in proportion to the number of members who wish to work in the woods. Describing the reaction of these members to the results achieved by the enterprise, Mr. La Liberté said:

"The result for the members was first that they were satisfied . . . they received the fruits of their labour, they did not have to work for one, two or three jobbers standing between the workers and the company . . . religious principles are better observed in the camp . . . the social consequences of such an organization are such that relations between employers and employees are improved enormously. In other words, if the employees have an administrative matter concerning the camp to refer to the company, the camp manager is the person called upon to discuss the problem (with the company) . . . it is easier for the company representatives and the workers' representatives to reach an understanding than if the worker himself had to discuss such problems."

The logging operation as well as other co-operative projects carried on by the members of this community was financed through the aid of loans from the local credit union. It is significant to note that prior to this co-operative development no merchant would set up his business in this village. There was not sufficient expectation of profit to attract private business. Yet these 180 families have organized co-operative business enterprises for themselves, and all this without having to bring new capital into the community. On the contrary they saved for the community the large portion of the consumers' money which would ordinarily have passed out of the area into the hands of dealers who formerly supplied the village's needs.

## CO-OPERATIVE CREDIT SOCIETIES

It is no longer possible to ignore the importance of credit unions (or co-operative banks) in Canadian Co-operative development. Again and again there is evidence to show that the establishment of the credit union was the first practical step in the building of co-operative enterprise in many communities. The credit union has often been termed the "Trojan Horse" of the Co-operative Movement, for its results have certainly been more widespread than its appearance might indicate. This new wooden horse, the credit union, is trundled into a community devoid of co-operative enterprise. Its membership grows steadily. It provides loans at interest rates which are ruinous to the "loan sharks" who formerly plied their trade. Farmers, fishermen, miners, steel workers—men who often were too humble to enter the marble halls of a chartered banking institution—readily go to the credit union and make their small deposits. Short term loans are easily available to men who have not the security to obtain them from banks. The assets of the credit union continue to grow and accordingly the co-operative bank expands its ability to lend money for larger ventures. Its members, finding inspiration in this co-operative method, continue to study co-operatives and establish a store, a processing plant, a housing co-operative or whatever co-operative service they wish to have, using the support obtainable from their own credit union. This is the story from all over Canada.

The credit union is not a particularly new venture in Canada. Its history in this country goes back to 1900 when Alphonse Desjardins, a *Hansard* reporter, who was aroused by the exposure of unscrupulous money-lenders, began the first credit union in North America at Lévis, Quebec. Every Province in Canada now has its credit union legislation, and credit unions are more numerous than any other type of

co-operative enterprise. Two thousand would be a fair estimate at the present time.

### IN PRINCE EDWARD ISLAND

Let us take a look at the village of Morell, Prince Edward Island, with its population of a mere 200. By the year 1934 the economic position of Morell had reached a sorry state. The people were in debt, farmers were unable to borrow money since the banks told them that it was not to their advantage to lend money, and the affairs of the community in general were sinking rapidly. Interest in the co-operative movement grew because people had heard of the work done in Antigonish and the new co-operative educational programme that emanated from that Nova Scotian town. In 1934 three study groups were formed and the twenty five members set themselves to the study of management, directorship, and other studies connected with co-operative businesses. By 1935 the study groups had grown to 13 and consisted of 150 members meeting weekly. They then decided that it was high time to turn from study to action, and in March of that year they formed a credit union with an initial capital of \$94.37, obtained by saving weekly contributions of 10 cents each. From the 1,000 people living in Morell and the surrounding territory the credit union has now a membership of 250, with a capital of \$30,000. There is at present \$17,000 out in loans and all of the members with the exception of one have made use of the loan privileges since the society was formed. The credit union's president, Jerome O'Brien, related to the Commission how the members of the society had solved their personal debt and credit problems and had found the means of satisfying the seasonal credit needs for buying fertilizer, fishing and agricultural supplies. Within a short time, the "Trojan Horse" had taken a firm root in Morell and the inhabitants had already continued their studies of management with the view of opening a consumers'

co-operative store. In May, 1940, the store began its operations, with a capital of \$1,542. The first year saw this new co-operative handle a volume of business amounting to \$10,000. Four years later, in 1944, its volume had risen to \$108,000 while its capital exceeded \$30,000. During those four years approximately \$11,000 was paid out to the members in patronage dividends. The inhabitants of Morell had evidently caught hold of a new idea, a vision of a better life, that they could translate from the realm of possibility to reality by co-operative methods.

Next came a co-operative creamery. Actually this project had begun before the store was opened but it was not incorporated until 1942 because of the lack of sufficient capital. Its volume of business for the first year was \$8,000, and by 1944 the business had increased to almost \$100,000. Not only did this venture bring a measure of economic improvement but it also improved production methods of the farmers and educated the people to all the year round production. During the first year of operations they were supplied with milk for only five months of the year. The second year this period was extended to eight months, and by the third year they had brought about a full year-round milk supply. The farmers of Morell have also opened an egg-grading station with the result that the quality of eggs and poultry has improved substantially.

To state the situation briefly, within a period of less than one decade co-operation has literally transformed Morell district into a new locality. The "newness" consists not only in buildings, and in business enterprises. It is in the faces of the people. Less than ten years ago the economic situation was grave, with 90 per cent. of the fishermen on relief. Through the credit union many of these people cleaned off their personal debts and got a new lease on life.

The Morell people have not finished their programme. There remain items on their list which appear ambitious to the casual observer. But in view of past performance there is small rea-

son to doubt their continued success. There is no vagueness about their plans for post war development, nor do these plans call for the beneficent assistance of a kind Government. They are confident that by their own efforts their plans will be carried through. These include a new store building, already being erected, a feed mix plant, a new creamery and in conjunction with it a cold storage plant that will give the farmers a convenient place to store their meats and perishable products during the summer, and a steel community hall for recreation purposes. A great effort will also be undertaken to have a Grade XII high school established in Murrell, while a small community hospital has also been planned.

Such developments as have taken place and have still to take place in communities such as Murrell are surely of deeper and more lasting value than much of the paper plans for social security drawn up by paternalistic governments, necessary as the latter may be in certain spheres of action.

The Credit Union Movement of which we have now seen a little is becoming steadily a more important feature of Canada's co-operative development. Its growth has been rapid in all sections of the country and it is peculiarly devoid of the instability which usually accompanies hasty development. The reasons for this are several. It is, in its early stages, free from overhead charges, study groups precede its organization as a rule, and local loyalty is strong toward the institution which the members own and which has solved their personal credit needs as well as supplying "co-ops" with the necessary funds. A few further examples will be in order.

### CREDIT UNIONS IN MANITOBA

We have already seen something of how co-operative technique was put to use in building cheese factories and other enterprises in the French-speaking areas of Manitoba. In the parish of St. Malo, in Southern Manitoba, Father Benoit was

the guiding light for his people when they first centred their attention upon the co-operative way of life. Twice a week he held night classes at which everyone was welcome. The average attendance was 135 and many of these people travelled long distances to be present. Since they were in the midst of a great depression it is not surprising that one of the topics which they discussed most frequently was the bettering of the farmers' financial standing. Some of the more enterprising farmers decided it was time to put into practice what they had learned after fourteen months of intensive study. They therefore launched their credit union even before Manitoba had any legislation to regulate such institutions. By the end of 1944 this co-operative bank had assets of \$94,000 and during the past year its members borrowed from it the sum of \$136,000. The uses to which this institution have been put are many and varied. New lands have been bought by the members, making it possible for them to increase their productive capacity. New employment facilities have been created for them and better hospital care has been provided for all. Even the school children are members of the credit union and have saved up their pennies in money boxes. Net savings of these children amounts to well over \$1,000. Directly out of the credit union has grown the establishment of co-operative industries, including a consumer store, a lumber yard and a wood working mill, while several new houses have also been erected with funds supplied by the credit union. But St. Hilo has not been alone in undergoing transformation as a result of credit union influence. Throughout the French-speaking region of Manitoba the example of St. Hilo was widely followed. Early in 1937 a study programme of adult education was instituted with study groups which operated in each locality. Study led to the establishment of more credit unions until today there are thirty credit unions in that area with a membership of more than 5,000, and assets in excess of \$500,000.

As we have already seen, the same region now has twelve co-operative stores, and nine cheese factories, while more of the latter are in the process of organization.

### IN EDMONTON, ALBERTA

The flexibility of people's institutions is well illustrated by certain novel cases. There is a good example in the Edmonton Blind Savings and Credit Union League which was organized in March, 1945, to serve the members of the Association of the Blind of Edmonton, Alberta. It is thought to be the first credit union of its kind in America. Its by-laws include the interesting provision that sighted people, whom the members deem worthy, may be made associate members without voting powers. Such a privileged person is A. White, Treasurer of the Edmonton Street Railway Credit Union, who helped the organizers to study and prepare for the Association. In all other centres in Canada the blind have no association other than that which they possess as members of the Canadian National Institute of the Blind. Secretary of this new credit union is Alex Gimmell, who is deaf as well as blind. Gerald Gould, Deputy Supervisor of Credit Unions in Alberta reported in *The Bridge* (June 1945) that the credit union charter was presented at the annual meeting of the Blind Association, the first he had attended. He observed:

"It was a revelation in the smart snappy way it was conducted. The president had no sincere as chairman, for discussion on most items was keen and to the point. But he was more than able for the work. If one had not seen the secretary, the treasurer and the chairman of the committee read their reports from Braille, one would have thought it was a very businesslike meeting of sighted people. Indeed, many sighted meetings would have been put to shame by the smooth manner in which these people conducted their meeting."

Mr. Gould reported that the blind people in Calgary, Alberta, were also planning to organize a credit union.



## IN NEW BRUNSWICK

Credit Unions have assisted in great measure in the establishment and development of New Brunswick's north shore fishermen. During the depression years, and indeed long before the depression, these hardy workers were living in the same pitiful conditions that characterized the lives of the Nova Scotia fishermen. Rev J. L. Chasmon began to see a way out when he first became interested in co-operatives in 1932. His interest grew and became more active following a visit to Antigonish in 1935. In the following year he started to work teaching co-operative philosophy in the area between Campbellton and Cape Tormentine along the north-east shore of New Brunswick. In less than ten years the co-operative programme in this district shows the following results. There are 181 credit unions with a membership of 21,411, and assets of \$500,000. Twenty nine co-operative stores are handling a business volume of \$1,344,253. There are eighteen lobster canneries, whose business totals \$760,000, six fish processing plants with a business of \$400,000, ten meat marketing organizations with a business of \$20,000, and a few other co-operatives with a total business of \$225,000. On Shippegan Island, which lies within this region, the people began to apply the co-operative technique only four years ago. Last year they built a quick freezing plant at a cost of \$35,000. Their own co-operative cannery prepares for market different kinds of fish caught on the shores of Shippegan and in the Shippegan and Miramichi Island waters. They have two other plants for processing herring and cod. The buildings and equipment have a total value of \$75,000 while the annual business volume reaches a figure of \$200,000. All of the fish products are marketed through the central co-operative agency—The United Maritime Fishermen. The Shippegan Island co-operative has a payroll of 80 people. Their livelihood has been improved, the standard of living rapidly increased, and they have found an

incentive to do good work. Proof of this lies in their product which buyers and retailers have declared to be of excellent quality.

#### OVER-ALL DEVELOPMENT

Consumers' stores, wholesales, credit unions, marketing organizations, housing "co-ops," service groups of all kinds—these are all a part and parcel of the Canadian co-operative picture. Until quite recently general statistics regarding Canadian co-operative development have been difficult to obtain. They are still incomplete. Probably the most reliable information has been collected and tabulated by the Economics Branch of the Dominion Department of Agriculture. Their latest report, November, 1944, provides this summary of the co-operative situation in 1943: Dairy products, 446, fruits and vegetables, 161, grain and seed, 105, livestock, 225, poultry, 194, honey, 6, maple products, 7, tobacco, 10, wool, 7, fur, 2, lumber and wood, 7, food products, 518, clothing and home furnishings, 229, petroleum and auto accessories, 500, feed, fertilizers and spray material, 625, machinery and equipment, 125, coal, wood and building material, 413, credit unions, 1,780, fishermen's associations, 67, farm mutual fire insurance, 400, telephone service, 2,387, hospital care, 60, miscellaneous marketing, 14, miscellaneous merchandising, 535. These figures do not include the various community entertainment, bus transportation, home building, restaurant, rooming houses, funeral service, etc., associations.

### III. OF THINGS TO COME

SUCH is the picture of Canada's "co-ops." Such are the scenes that members of the Royal Commission on Co-operatives saw again and again during the course of their investigations—a moving panorama that tells the story of earnest Canadians seeking a better life. The people in our picture are worthy of attention, not because they are extraordinary but because they are doing ordinary things extraordinarily well. It is of the essence of democracy that the land should be filled with free men and women who grasp eagerly in their hands the tools which alone can fashion and perpetuate the very processes which make their freedom possible. It is a tribute to Canada's nationhood that such people have been bred.

The guarantee of liberty that lies in co-operative action has been recognized not alone by co-operation's growing numbers of friends, but also by its enemies. The greatest enemies of freedom the world has ever known found it necessary to destroy co-operatives in order to ensure complete power for themselves and success for their ignoble deeds. Co-operators have seen a power-drunk Hitler drive the heavy wheels of his Nazi machine into the lifeblood of co-operative enterprises in all the free countries of Europe. They have seen a self-styled modern Christ grasp the free co-operative associations of Italy in his fascist death grip, lest any semblance of democracy remain to curb his limitless ambition. Hitler and Mussolini are now no more than tragic and bitter memories in the relieved minds of long suffering humans. The shackles of tyranny have been loosed from the captive nations of Europe, and one of the first signs of the hope that is again dawning in their hearts is the resurrection of co-operatives throughout those countries. Stores, dairies, wholesalers, marketing organizations, co-operative enterprises of all kinds—they are

swelling and quickening with a new life like the buds that herald the spring, the earnest of renewed liberty and democracy.

Here in Canada co-operators are already looking beyond the confines of their local societies. They are carrying out the principle of "co-operation between co-operatives" through joint action and interchange of interests regionally, provincially and nationally. Educational organizations supported by the "co-ops" have bound them all together in a new fraternal way that makes the bitter struggle of individualism look ridiculous. The very word "co-operation" has a refreshing ring to it in a nation that has recently celebrated a V E Day and eagerly anticipates the celebration of V-J Day.

Canadian co-operators from the beginning were convinced of the value of a unifying force between them. As early as 1909 the Co-operative Union of Canada was formed, and the "co-ops" that affiliated with this body steadily increased in numbers. By 1943 co-operative development had reached the point where it seemed advisable to fully reorganize the national union on the basis of provincial sections. At this time of writing there are provincial co-operative unions in Nova Scotia, Prince Edward Island, Ontario, Manitoba, Saskatchewan and British Columbia—all organized as sections of the Co-operative Union of Canada. It is in the process of formation in the remaining provinces.

On the international plane, Canada's "co-ops" are connected with "co-ops" in forty countries through affiliation with the International Co-operative Alliance. As early as 1937 it was estimated that the I C A had affiliation with a hundred million co-operators and their families in 120,000 societies. It is hoped by co-operators that their international connections, fraught with the greatest of good will, will be an important factor in the reconstruction of the post war world.

With increasing frequency, amidst the desperate desire of prominent leaders the world over to find a lasting solution to

economic and political strife, one finds recognition of co-operative principles. In May, 1943, at the International Conference on Food and Agriculture, where 44 nations were represented, the following paragraph appeared in the preamble to one resolution: "The democratic control and educational programmes, which are features of the Co-operative Movement, can play a vital part in the training of good democratic citizens, and assist in inducing a sound conception of economic matters." Furthermore, the representatives at the Hot Springs Conference unanimously adopted two specific recommendations, namely "That all countries study the possibilities of further establishment of producer and consumer co-operative societies in order to render necessary production, marketing, finance and other services," and that "each nation examine its laws, regulations and institutions to determine if legal or institutional obstacles to co-operative development exist, in order to make desirable adjustments." Similar utterances have been made by great international bodies such as the International Labour Organization, and the United Nations Relief and Rehabilitation Association. There is every indication that co-operation on an international scale will be depended upon to an ever increasing extent in the post war years.

The prospect of increasing international co-operation in the economic sphere does not pre-suppose that the Canadian Co-operative Movement has reached the summit of its development on a national scale. On the contrary, Canada's "co-ops" in the last few decades have merely passed from infancy to adolescence. Their accomplishments at times have been spectacular, and their over all growth is striking. But as yet they carry on a very small proportion of the nation's business. However, no year has gone by without showing a considerable increase in co-operative business and the rate of growth shows a steady increase. Co-operative technique has been applied by consumers to procure for themselves almost every kind of goods and services. At the same time primary producers have made

use of the co-operative method in marketing all sorts of primary products. Credit needs have also been solved through co-operation. A remaining field which has barely been touched as yet is that of manufacturing and processing. This field appears to be the next to be tackled by co-operative endeavour.

The advance of the Co-operative Movement into manufacturing has already begun in some lines. The gathering of sufficient capital to acquire the huge factories, machines and equipment needed for this type of business awaits the adequate organization of consumer demand and frequently joint action on a national or international scale. This necessity has been recognized and carried into practice in several instances. For example, three large Canadian co-operatives, namely, the Manitoba Co-operative Wholesale Limited, the United Farmers Co-operative Company, and the Saskatchewan Co-operative Wholesale Society have joined with several similar regional co-operatives of the United States in the ownership and operation of "National Co-operatives Incorporated," with headquarters at Chicago. This association has launched several "manufacturing" activities, the most important being its Universal Milking Machine Division at Waukesha, Wisconsin. Already this Division is exporting to the Canadian co-operatives considerable quantities of high grade milking machines, the volume of which is limited only by wartime controls on raw materials and export quotas. Another example is the International Lumbering Association which operates a mill at Fanny Bay, on Vancouver Island. Through its four Canadian and seven United States regional co-operative members, the International Lumbering Association is supplying co-operative groups with red cedar shingles, primarily for agricultural use. A third example is found in the "National Farm Machinery Co-operative Incorporated" with plants at Shelbyville, Indiana, and Belleme, Ohio. Regional groups in Canada and in the United States have in this instance again joined hands for the production of tractors and other farm machinery.

The purpose of this enterprise is not only to provide a savings to the consumer but to furnish him with better tools with which to earn his daily bread. These three international co-operatives have a common purpose, namely that the members receive for delivery to the consumer the goods produced by these organizations on a service at cost basis.

Mention should be made, also, of the Consumers' Co-operative Refineries of Saskatchewan, the first co-operative refinery in North America, and of the more recently organized Farm Implement Co-operative, launched in the Canadian West. These are, no doubt, straws which show which way the wind is blowing.

The picture of Canada's "co-ops" is one of common people putting to good use their ingenuity and common sense in the working out of a better life for all in the community, the district, the Province, the country and indeed the whole world. It may well be one of the most hopeful signs in a world that is desperately seeking universal peace. This was the hope that was expressed by W. C. Good, President of the Co-operative Union of Canada in the following excerpt from the brief which he read to the Royal Commission at its Ottawa hearings:

"There is no longer any doubt that, while the factors making for war are many and varied, those of an economic character are of first-class importance. Distress due to widespread unemployment, the efforts made by huge corporations to capture and exploit 'foreign markets' and the pressure of large business interests upon the political state, leading to hostile tariffs and the like,—all these make their contribution to international tension and animosity. How great this contribution is may be realized when one studies what happened in the fields of trade and monetary policies between the two great world wars. One cannot expect commercial rivalry to end in other than armed conflict and he who would guide national policies after this war is over should read, mark, learn and inwardly digest the tragic record of the two decades 1919-1939.

"The only alternative to war is, of course, international co-operation in its widest sense. And it is to be expected that a philosophy and a Movement specifically based upon the principle of 'Each for all and all for each,' and which has found international expression for almost fifty years in the International Co-operative Alliance, should be a more effective force for international unity and co-operation than an economic order based upon the fallacious doctrine that a man or an industrial group or a nation gains only at the expense of others."

"Canada's Co-ops," as we have here pictured them in briefest outline, are surely of deep significance to all thinking Canadians and may well be a big factor in Canada's future.









FOR those who are interested in the many political, social and economic factors which lie beneath the shiny new veneer which Canada's nationhood is rapidly assuming, a treatise descriptive of Canada's co-operative enterprises is undoubtedly long overdue.

E. A. Corbett

